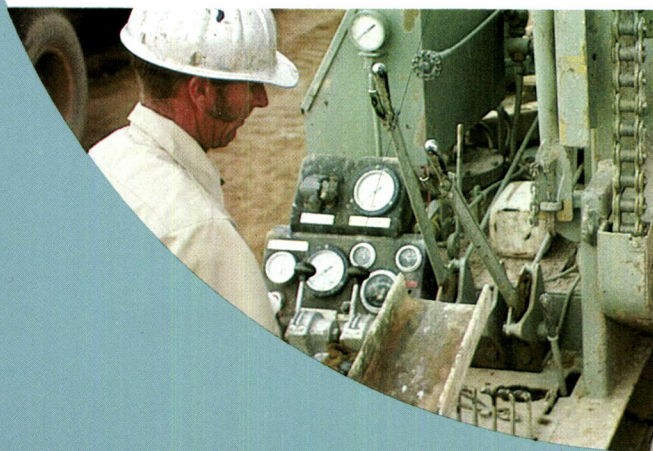
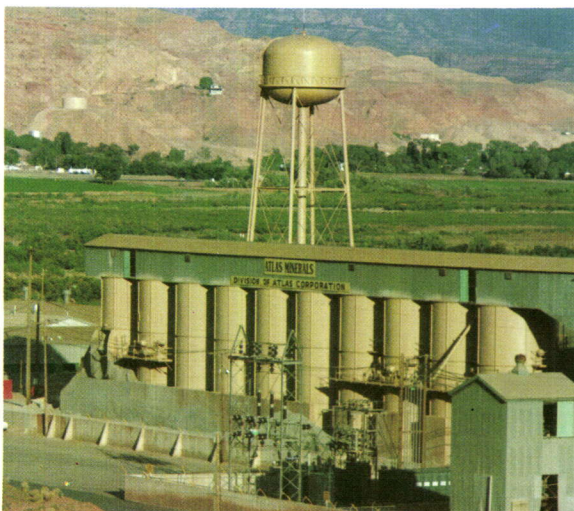


# ATLAS CORPORATION

# 1982 ANNUAL REPORT

Fiscal Year Ended June 30, 1982





## Atlas Corporation

353 Nassau Street, Princeton, N.J. 08540

Telephone (609) 921-2000

### Board of Directors

EDWARD R. FARLEY, JR.\*

*Chairman of the Board and President*

MICHAEL BONGIOVANNI

*Vice President*

*Squibb Corporation*

*Pharmaceutical and Health Care Products*

WALTER G. CLINCHY

*Consultant*

ANDREW DAVLIN, JR.†

*Chairman of the Board*

*Landy Corporation*

*Transportation Holding Company*

JOHN J. DWYER\*†

*Vice Chairman of the Board*

*Oglebay Norton Company, Shipping and Mining*

JEROME S. KATZIN†

*Managing Director*

*Lehman Brothers Kuhn Loeb Incorporated*

*Investment Bankers*

EDGAR M. MASINTER\*

*Attorney whose professional corporation is a partner of Simpson Thacher & Bartlett*

\* *Member of the Executive Committee*

† *Member of the Audit Committee*

### Officers

EDWARD R. FARLEY, JR.

*Chairman of the Board and President*

GLEN R. ELKINS

*Senior Vice President*

A. RAY TYRRELL

*Vice President*

JOHN M. DEVANEY

*Vice President-Finance*

*and Treasurer and Assistant Secretary*

EDGAR M. MASINTER

### Transfer Agent and Registrar

Manufacturers Hanover Trust Company

4 New York Plaza, New York, N. Y. 10015

*Common Stock and Option Warrants*

### Counsel

Simpson Thacher & Bartlett

1 Battery Park Plaza, New York, N. Y. 10004

### Auditors

Coopers & Lybrand

1251 Avenue of the Americas, New York, N. Y. 10020

### 10-K Report

A Copy of the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission will be provided to stockholders without charge upon written request to the Treasurer, Atlas Corporation, 353 Nassau Street, Princeton, N. J. 08540

### On the Cover:

Photo montage of Atlas minerals operations



## To the Stockholders of Atlas Corporation:

Atlas Corporation more than tripled its earnings in its 1982 fiscal year, which ended June 30, 1982, as compared to fiscal 1981. Specifically, in fiscal 1982 the Company had net income of \$27,068,000, or \$9.14 per share, compared to \$8,042,000, or \$2.72 per share, in the prior fiscal year. Fiscal 1982 was the best year in the over-fifty year history of the Company.

Revenues for fiscal 1982 were \$112,115,000, compared to \$93,356,000 for fiscal 1981.

These record results were attributable mainly to an excellent performance by the Company's Minerals Division and another excellent performance by its Brockton Sole & Plastics Division. These two divisions had the best years in their histories.

The following matters might be noted particularly:

1. The Company repaid in full its long-term bank debt in March, 1982. At June 30, 1981 this debt had aggregated \$28,233,000.
2. The net worth of the Company increased to \$71,361,000, or \$24.11 per share, at June 30, 1982 from \$44,293,000, or \$14.96 per share, at June 30, 1981. This is an increase of 61%.
3. Return on shareholders' equity for fiscal 1982 was 60%.
4. At June 30, 1982 the Company's working capital was \$28,285,000, compared to \$21,319,000 at June 30, 1981. This is an increase of 33%.

## OUTLOOK FOR FISCAL 1983

The Company's 1983 fiscal year should be another good year, although it will be difficult to match the record performance in fiscal 1982. Specifically, the Company's net income for the first half of fiscal 1983 will probably be even slightly better than for the comparable period of fiscal 1982, when the Company earned \$19,104,000, or \$6.45 per share. It is too early to make clear predictions about the second half of fiscal 1983. As was stated in the most recent Bulletin to Stockholders, one of the Company's two remaining contracts to sell U3O8 in concentrate ends on December 31, 1982, while the other, at lower prices, basically runs only through March, 1983. Also, the contract under which the Company sells vanadium pentoxide produced at its Moab, Utah processing plant ends on December 31, 1982. Thus, the Company's performance in the second half of fiscal 1983 will be determined by the extent to which the currently depressed markets and prices for uranium and vanadium improve and by the Company's ability to obtain new sales contracts for these products, by the success of an acquisition program on which the Company has now embarked and by the extent to which our domestic economy recovers from the present recession. Strong efforts are being

made and will continue to be made to make the second half of fiscal 1983 profitable.

## BEYOND FISCAL 1983

Over the past several years, the fortunes of the Company have been tied closely to the nuclear energy industry and, as the earnings and balance sheet figures set forth hereafter show, this has worked to the substantial benefit of the Company. However, now that its long-term bank debt has been paid off and its balance sheet figures have reached acceptable levels, the Company intends to broaden its base by acquiring interests in natural resources in addition to uranium and vanadium and by acquiring businesses in which it is not currently engaged. The Company's Minerals Division is making strong efforts to acquire, through both exploration and acquisition, interests in precious metals, including gold and silver, and in other metals. The Company is also embarked on a vigorous program to make acquisitions in business areas which would be new to the Company.

This is not to indicate that the future success of the Company will be based solely on its ability to acquire interests in additional natural resources or other businesses, although Company Management is confident that these efforts to broaden the Company's bases of operations will be successful.

It should be recognized that the Company has four divisions other than its Minerals Division and that some of them do reasonably well. It is expected that some of them will continue to do reasonably well, while others, such as the Camden Lime Division and the Western Sky Industries Division, should benefit from the inevitable upturn in our national economy when it occurs.

Also, the Company intends to remain in the business of producing U3O8 in concentrate and it expects to do so profitably in the future for the following reasons:

1. Requirements for U3O8 in concentrate both in this country and abroad will grow. While the growth of the nuclear energy industry has been retarded, particularly in this country, by governmental over-regulation, high interest rates and the ability of those who oppose nuclear energy to sell their often misleading case to the press and the media, the number of operating nuclear power plants in this country is, in fact, growing and will continue to grow annually for the next two decades. The same is true abroad. Therefore, more U3O8 in concentrate will be needed as time goes by.

2. The Company is probably the lowest cost important producer of U3O8 in concentrate in the United States. Its uranium-bearing ore reserves are of an average grade significantly higher than the average grade of uranium-bearing ore reserves in this country. This contributes significantly to the Company's achieving low production costs and the Company should continue to enjoy this competitive advantage.



3. Because of their high production costs, most of the Company's domestic competitors have either terminated their uranium producing operations or reduced them significantly, and several of them will never resume production. Therefore, the Company has and will have less domestic competition in attempting to achieve future sales of U3O8 in concentrate than it has had since the sale of that product to non-governmental buyers began in the late 1960's.

4. In its Minerals Division the Company has an experienced and effective staff of employees who run its mines and its efficient Moab plant well. The Company expects to retain that staff and it is expected that the operations of its mines and processing plant will compare favorably in efficiency and costs with those of our remaining current and future domestic competitors.

There will continue to be a going and growing nuclear energy industry, both in this country and abroad, and there will continue to be a growing market for U3O8 in concentrate. Management is confident that the Company will be able to participate profitably in that market in the future.

### **Company Operations**

The Company has five divisions, one of which is in the natural resources business, three in manufacturing businesses and one in the services business. Details concerning the operations of each of these divisions and its performance in fiscal 1982 are as follows:

### **Natural Resources**

#### **ATLAS MINERALS DIVISION**

The Atlas Minerals Division has its main office in Moab, Utah and an executive office in Grand Junction, Colorado.

The main business of the Division is the selling of U3O8 in concentrate and vanadium pentoxide produced by the processing in the Company's Moab plant of Company-owned and controlled uranium ores and ores bought from others. In fiscal 1982 the Division sold 1,666,000 pounds of U3O8 in concentrate and 3,506,000 pounds of vanadium pentoxide.

The Minerals Division's Moab plant and its mining operations continue to go well. All deliveries of U3O8 in concentrate are current.

The Minerals Division continues to seek and examine, mainly in the United States, properties deemed to have the potential for bearing profitable, mineable minerals, including uranium, vanadium, gold, silver and other metals. During fiscal 1982 the major concentration of its exploration and acquisition activities involving uranium and vanadium were in areas tributary to the Moab plant, principally Utah and Colorado, and that

concentration will probably continue in fiscal 1983. In fiscal 1982 the Division also engaged in active exploration for precious metals, particularly gold and silver, in several areas in this country and in Canada. Strong efforts to acquire deposits of precious metals and other minerals, both by exploration and acquisition, will continue in fiscal 1983.

The Minerals Division achieved the greatest sales and profits in its history in fiscal 1982.

### **Manufacturing**

#### **BROCKTON SOLE & PLASTICS DIVISION**

The Brockton Sole & Plastics Division produces plastic, leather, molded fiber and rubber products, mainly for the shoe industry and the sporting goods industry. It has three plants in Massachusetts and one in Tennessee.

In fiscal 1982 the Division again had the best year in its history in both sales and profits.

#### **CAMDEN LIME COMPANY DIVISION**

The Camden Lime Company Division produces precast and prestressed concrete building systems and central mixed concrete at four plants in New Jersey. It also sells masonry building supplies. It markets its products in New York, New Jersey, Delaware and Pennsylvania.

Owing to the low level of commercial and residential construction activity, mainly as a result of high interest rates, the Division's sales and profits were lower in fiscal 1982 than they were in fiscal 1981, although a slight profit was achieved.

#### **WESTERN SKY INDUSTRIES DIVISION**

The Western Sky Industries Division manufactures at its plant in Hayward, California, plastic and metal products used widely in the aircraft and automotive industries as well as in other industries.

Although the Division again achieved profits in fiscal 1982, the depressed conditions of the automotive and commercial aircraft industries in this country resulted in both lower sales and profits for the Division than those in fiscal 1981.

### **Services**

#### **INTERNATIONAL ATLAS SERVICES DIVISION**

The services business of the Company is conducted by its International Atlas Services Division headquartered in Oakland, California.

The principal asset of this Division is its 55% interest in Global Associates (Global), a joint venture in which the Division is the managing venturer.

Global is a leader in the business of providing "life support" services, which include food services, housing administration and maintenance, medical and dental services, transportation (air, sea and land), facility operations and maintenance, utility systems operations and



maintenance, procurement services, fire protection, recreation services and security services.

Global provides such services under contracts to a number of domestic and international customers, both governmental and private. Major customers include the United States Army, the United States Navy, the National Aeronautics and Space Administration (NASA), the United States Department of Agriculture, the Republic of the Marshall Islands, Governmental Royal Commissions in Saudi Arabia, Arabian American Oil Company (ARAMCO), and Fluor Corporation.

Global conducts its operations in Saudi Arabia through a wholly-owned Bermudian subsidiary, Global Associates International Limited, in partnership with a Saudi Arabian company. The partnership conducts its operations under the name of TAFGA.

Global's headquarters are also in Oakland, California. It has branch offices in Honolulu, Hawaii and at operating sites in South Carolina, Louisiana, Pennsylvania, numerous locations in Saudi Arabia and the Republic of the Marshall Islands.

The International Atlas Services Division had lower profits in fiscal 1982 than it did in the prior year.

### Recent Developments

Since the end of fiscal 1982 the following important developments have occurred:

1. In August, 1982 the Company acquired from Exxon Minerals Company, a Division of Exxon Corporation, Exxon's interest in the so-called Bullfrog uranium properties in Garfield County, Utah. These properties have known reserves of uranium-bearing ore, the average grade of which is significantly higher than the average grade of uranium-bearing ores in the United States. The Company believes that these known reserves can be expanded and it expects to start additional exploration and development work on these claims in the near future. The Company is to pay royalties to Exxon on future uranium production from these properties.

Apart from the other uranium-bearing ore reserves of the Company, the acquisition of the Bullfrog properties should provide the Company's Moab processing plant with feed for several years. In addition, the acquisition of the Bullfrog properties should enable the Company, if it chooses, to reduce its annual exploration expenditures below what it has budgeted for the next several years.

2. In August, 1982, after a public competition, Global was again awarded a major contract by the United States Army to perform services at the Kwajalein Missile Range in the Pacific for a period of three years beginning October 1, 1982. The Army has options to

renew the contract for two additional one-year periods. This contract, which Global has held for eighteen years, has been very important to the success of Global and the Company's International Atlas Services Division and it is important and beneficial to the Company that Global has again won the open competition for this business.

3. In August, 1982 the litigation concerning the sale by the Company in May, 1978 of the assets and business of its former Titeflex Division was settled. The Company's statement of income and retained earnings for its fiscal year 1982 and its balance sheet as at June 30, 1982 contained hereafter reflect fully this settlement.

### PERSONNEL

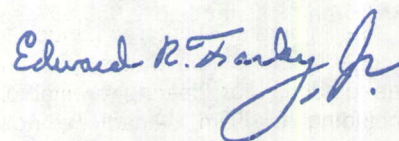
Mr. Michael Bongiovanni was elected a Director of the Company in October, 1981. Mr. Bongiovanni is a member of the Board of Directors and a Vice President of Squibb Corporation. He is also President and Chief Executive Officer of the Squibb Specialty Health Products Group, a unit of Squibb Corporation. Mr. Bongiovanni brings significant wisdom and experience to our Board and he has already proved to be a strong and valuable Director. He will undoubtedly continue to be such.

Mr. John M. Devaney, previously Treasurer and Assistant Secretary of the Company, was also elected Vice President — Finance in August, 1982. Mr. Devaney joined the Company as Tax Manager in 1968. He thereafter became Controller and was then elected Treasurer of the Company in 1981. Mr. Devaney has served the Company well and deserves this additional recognition of his abilities and valuable service to the Company.

As to the personnel of the Company in general, the record results for fiscal 1982 could not have been achieved without the loyalty, dedication and hard work of our employees in our several Divisions. I hereby express to them my gratitude and the gratitude of the Board of Directors for their strong efforts and help.

### General

The annual meeting of the stockholders of the Company will be held in New York, New York on November 16, 1982. Details concerning the meeting will be contained in the notice of such meeting and the related proxy statement which will be mailed to all stockholders.



EDWARD R. FARLEY, JR.  
Chairman of the Board and President

September 14, 1982



Atlas Corporation and its Subsidiaries

**Balance Sheets**

June 30

<b>Assets</b>	<u>1982</u>	<u>1981</u>
Current assets:		
Cash and short-term investments .....	\$ 6,052,000	\$ 4,334,000
Trade accounts receivable, less allowance for doubtful accounts of \$758,000 in 1982 and \$722,000 in 1981 .....	8,543,000	9,198,000
Other accounts receivable .....	1,757,000	1,578,000
Inventories .....	29,743,000	28,215,000
Prepaid expenses and other current assets .....	1,062,000	1,027,000
Total current assets .....	<u>47,157,000</u>	<u>44,352,000</u>
Investment in affiliate .....	2,278,000	2,357,000
Property, plant and equipment, at cost:		
Mining .....	61,552,000	58,253,000
Milling .....	31,514,000	30,182,000
Manufacturing .....	11,136,000	10,621,000
	<u>104,202,000</u>	<u>99,056,000</u>
Less, Accumulated depreciation, depletion and amortization .....	55,351,000	44,626,000
	<u>48,851,000</u>	<u>54,430,000</u>
Other assets .....	470,000	1,080,000
	<u>\$ 98,756,000</u>	<u>\$102,219,000</u>
 <b>Liabilities</b>		
Current liabilities:		
Notes payable to banks .....	\$ —	\$ 3,668,000
Drillers' fees payable, current maturity .....	2,737,000	2,436,000
Trade accounts payable .....	5,333,000	8,029,000
Accrued interest .....	—	1,736,000
Taxes, other .....	1,529,000	—
Other accrued liabilities .....	9,273,000	7,164,000
Total current liabilities .....	<u>18,872,000</u>	<u>23,033,000</u>
Notes payable to banks .....	—	24,565,000
Drillers' fees payable .....	2,551,000	5,023,000
Other liabilities, long-term .....	3,487,000	2,551,000
Total liabilities .....	<u>24,910,000</u>	<u>55,172,000</u>
Minority interests .....	<u>2,485,000</u>	<u>2,754,000</u>
 <b>Stockholders' Equity</b>		
Common stock, par value \$1 per share; authorized 6,000,000 shares, issued and outstanding 2,959,807 shares .....	2,960,000	2,960,000
Capital in excess of par value .....	23,244,000	23,244,000
Retained earnings .....	45,164,000	18,096,000
Less, Common stock in treasury, at cost, 229 shares .....	(7,000)	(7,000)
Total stockholders' equity .....	<u>71,361,000</u>	<u>44,293,000</u>
	<u>\$ 98,756,000</u>	<u>\$102,219,000</u>

See notes to consolidated financial statements.



**Statements of Income and Retained Earnings***for the years ended June 30*

Revenues:	1982	1981	1980
Sales .....	\$105,520,000	\$87,038,000	\$82,930,000
Service contract fees earned .....	3,062,000	3,568,000	3,276,000
Other income .....	<u>3,533,000</u>	<u>2,750,000</u>	<u>1,824,000</u>
	<u>112,115,000</u>	<u>93,356,000</u>	<u>88,030,000</u>
Costs and expenses:			
Cost of sales .....	53,184,000	57,066,000	61,189,000
Depreciation, depletion and amortization .....	11,489,000	7,903,000	6,989,000
Exploration and prospecting costs .....	2,127,000	2,569,000	2,817,000
Selling, general and administrative expenses .....	10,870,000	8,994,000	6,570,000
Interest expense .....	3,071,000	6,926,000	7,682,000
Other .....	<u>2,793,000</u>	<u>407,000</u>	<u>156,000</u>
	<u>83,534,000</u>	<u>83,865,000</u>	<u>85,403,000</u>
Income before minority interests and income taxes ...	28,581,000	9,491,000	2,627,000
Minority interests .....	<u>971,000</u>	<u>1,449,000</u>	<u>1,469,000</u>
Income before income taxes .....	27,610,000	8,042,000	1,158,000
Provision for income taxes .....	<u>2,482,000</u>	<u>190,000</u>	<u>—</u>
Income before extraordinary credit .....	25,128,000	7,852,000	1,158,000
Extraordinary credit-utilization of tax loss carryforwards .....	<u>1,940,000</u>	<u>190,000</u>	<u>—</u>
Net income .....	27,068,000	8,042,000	1,158,000
Retained earnings at beginning of year .....	<u>18,096,000</u>	<u>10,058,000</u>	<u>8,919,000</u>
	45,164,000	18,100,000	10,077,000
Cash dividends on preferred stock .....	<u>—</u>	<u>4,000</u>	<u>19,000</u>
Retained earnings at end of year .....	<u>\$ 45,164,000</u>	<u>\$18,096,000</u>	<u>\$10,058,000</u>
Income per share of common stock: (based on weighted average number of shares outstanding during year)			
Income before extraordinary credit .....	\$8.49	\$2.65	\$3.38
Extraordinary credit-utilization of tax loss carryforwards ..	<u>.65</u>	<u>.07</u>	<u>—</u>
Net income .....	<u>\$9.14</u>	<u>\$2.72</u>	<u>\$3.38</u>

See notes to consolidated financial statements.



**Statements of Changes in Financial Position**

for the years ended June 30

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Working capital provided:			
From operations:			
Income .....	\$25,128,000	\$ 7,852,000	\$ 1,158,000
Depreciation, depletion and amortization .....	11,489,000	7,903,000	6,989,000
Deferred federal income taxes .....	1,940,000	190,000	—
Gain on sale of property, plant and equipment .....	(83,000)	(56,000)	(93,000)
	<u>38,474,000</u>	<u>15,889,000</u>	<u>8,054,000</u>
(Increase) decrease in investment in affiliate .....	79,000	(1,494,000)	(240,000)
Proceeds of sale of property, plant and equipment .....	196,000	155,000	115,000
Decrease in other assets .....	610,000	9,000	224,000
Increase in other liabilities .....	936,000	482,000	180,000
Total working capital provided .....	<u>\$40,295,000</u>	<u>\$15,041,000</u>	<u>\$ 8,333,000</u>

Working capital used:			
Additions to property, plant and equipment .....	\$ 6,023,000	\$ 6,408,000	\$ 4,836,000
(Increase) decrease in notes payable to banks .....	24,565,000	4,769,000	(7,334,000)
(Increase) decrease in minority interests .....	269,000	(447,000)	(90,000)
Redemption of and dividends on preferred stock .....	—	315,000	142,000
Decrease in drillers' fees payable .....	2,472,000	1,485,000	3,447,000
Increase in working capital (as below) .....	6,966,000	2,511,000	7,332,000
Total working capital used .....	<u>\$40,295,000</u>	<u>\$15,041,000</u>	<u>\$ 8,333,000</u>

**Working Capital Changes**

Current assets:			
Cash and short-term investments .....	\$ 1,718,000	\$ (997,000)	\$ 2,839,000
Trade accounts receivable .....	(655,000)	(5,792,000)	(1,616,000)
Other accounts receivable .....	179,000	(455,000)	528,000
Inventories .....	1,528,000	8,856,000	(4,376,000)
Prepaid expenses and other current assets .....	35,000	583,000	64,000
Net increase (decrease) .....	<u>2,805,000</u>	<u>2,195,000</u>	<u>(2,561,000)</u>

Current liabilities:			
Notes payable to banks .....	(3,668,000)	(998,000)	(12,334,000)
Drillers' fees payable, current maturity .....	301,000	356,000	780,000
Trade accounts payable .....	(2,696,000)	72,000	948,000
Accrued interest .....	(1,736,000)	(873,000)	966,000
Taxes, other .....	1,529,000	—	—
Other accrued liabilities .....	2,109,000	1,127,000	(253,000)
Net decrease .....	<u>(4,161,000)</u>	<u>(316,000)</u>	<u>(9,893,000)</u>
Increase in working capital .....	<u>\$ 6,966,000</u>	<u>\$ 2,511,000</u>	<u>\$ 7,332,000</u>

See notes to consolidated financial statements.



## Notes to Consolidated Financial Statements

### 1. Accounting Policies

*Principles of Consolidation and Investment in Affiliate* — The accompanying financial statements include the accounts of the Company and its subsidiaries and a 55% interest in Global Associates, a joint venture. The investment in affiliate, which is accounted for on the equity method, represents the interest that Global Associates has in a Saudi Arabian company (TAFGA) performing industrial support services in the Middle East.

*Inventories* — Ores and concentrates are stated at the lower of cost, principally average, or market; manufacturing inventories are stated at the lower of first-in, first-out cost or market.

*Property, Plant and Equipment* — Depreciation at all manufacturing facilities is calculated by the straight-line method. Depreciation of milling facilities and the depletion and amortization of mining properties are based on units of production determined by estimates of recoverable reserves. Leasehold improvements are amortized on the straight-line basis over the terms of related leases.

Expenditures for maintenance and repairs are charged to income as incurred. Expenditures for additions, improvements, replacements, betterments and major renewals are added to the property, plant and equipment accounts. The cost of assets retired, or otherwise disposed of, and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the statements of income and retained earnings.

The investment tax credit available to the Company is applied against the current tax provision in the year it is usable on a book basis.

*Employee Retirement Plans* — The Company has several trustee and insured retirement plans covering substantially all permanent employees for which the Company provides the trusteeship and management. As of June 30, 1981, the actuarial present values of vested and non-vested accumulated plan benefits were \$2,869,000 and \$90,000, respectively, computed at 8%. The value of net assets available for plan benefits was determined to be \$2,411,000 as of June 30, 1981.

The unfunded past service costs of \$892,000 are being amortized over twenty years, utilizing a 6% interest rate. Required contributions to these plans of \$517,000, \$403,000 and \$370,000 in fiscal years 1982, 1981 and 1980, respectively, including the amortization of the unfunded past service costs of

\$87,000, \$79,000 and \$82,000 in fiscal years 1982, 1981 and 1980, respectively, are charged to income and funded currently.

*Exploration* — Costs incurred in the search for new mining operations are charged to income when incurred.

*Reclamation Expense* — In connection with the renewal of a license to operate its Moab, Utah mill, the Company is obligated to stabilize and reclaim its mill tailings pond. Reclamation will take place after the mill is permanently shut down. Reclamation costs are calculated using a rate based on total estimated reclamation costs, units of production and estimates of recoverable reserves. Reclamation expense charged to cost of sales amounted to \$552,000 in fiscal 1982, \$520,000 in fiscal 1981 and \$515,000 in fiscal 1980.

### 2. Notes Payable to Banks

On March 15, 1982 the Company paid the remaining amount outstanding under its secured credit agreement with Manufacturers Hanover Trust Company. The Company and Manufacturers Hanover Trust Company have agreed in principle to enter into a new two-year \$10,000,000 revolving credit agreement. There will be alternative methods of computing interest under this agreement — the maximum of which is the prime rate as publicly announced from time to time by Manufacturers Hanover Trust Company.

A subsidiary of the Company has a \$2,500,000 line of credit with another bank which expires on January 31, 1983. Borrowings against this line bear interest at  $\frac{1}{4}$  of 1% above the bank's prime interest rate.

The following table sets forth selected information with respect to notes payable by the Company to banks during the fiscal years indicated:

	1982	1981	1980
Maximum notes outstanding at any month-end .....	\$26,800,000	\$44,000,000	\$43,000,000
Short-term .....	\$ 4,800,000	\$14,666,000	\$23,000,000
Average notes outstanding .....	\$15,722,000	\$34,325,000	\$40,953,000
Short-term .....	\$ 5,665,000	\$ 6,331,000	\$18,311,000
Weighted average interest rate (1) ....	18.4%	17.4%	16.1%
Effective interest rate at June 30 .....	—	20.8%	12.8%
Compensating balances maintained at June 30 (2) .....	—	\$ 1,891,000	\$ 646,000

(1) Such amounts were computed based on daily outstanding balances.

(2) Withdrawal of such amounts is not legally restricted.



### 3. Inventories

Inventories consist of the following:

	June 30, 1982			June 30, 1981		
	Natural Resources	Manufacturing	Total	Natural Resources	Manufacturing	Total
Raw materials .....	\$ 9,281,000	\$ 1,361,000	\$10,642,000	\$ 8,193,000	\$ 1,675,000	\$ 9,868,000
Work in process .....	2,200,000	265,000	2,465,000	4,085,000	345,000	4,430,000
Finished goods .....	12,705,000	978,000	13,683,000	9,954,000	1,004,000	10,958,000
Other .....	2,947,000	6,000	2,953,000	2,959,000	—	2,959,000
	<u>\$27,133,000</u>	<u>\$ 2,610,000</u>	<u>\$29,743,000</u>	<u>\$25,191,000</u>	<u>\$ 3,024,000</u>	<u>\$28,215,000</u>

The finished goods inventories of the natural resources operation for fiscal years 1982 and 1981 consist primarily of uranium in concentrate deliverable in fiscal years 1983 and 1982, pursuant to sales contracts entered into in prior fiscal years.

### 4. Litigation

In February 1980 the purchaser of the Company's Titeflex Division, which was sold by the Company in 1978, instituted an action against the Company, the Company's independent accountants, Coopers & Lybrand, and two of Coopers & Lybrand's partners in a Massachusetts State court seeking damages in excess of \$8.8 million. In August 1982 this action was settled with no material effect on the financial position of the Company.

### 5. Drillers' Fees Payable

"Drillers' fees payable" in the Balance Sheets as of June 30, 1982 and June 30, 1981 represents the estimated amount owed to certain contract drillers under an agreement (the Agreement) for services performed in connection with the development of certain unpatented mining claims owned by the Company. This liability, which is being paid quarterly, was estimated based on the quantity of U308 which the Company plans to mine from such mining claims and feed to process through October 1984. While interest is not stated in the Agreement, in accordance with generally accepted accounting principles interest was imputed at a rate of 8% per annum, the generally prevailing rate at the date of the Agreement.

### 6. Stockholders' Equity

The Company is authorized to issue 1,000,000 shares of Series Preferred Stock, par value \$1.00, issuable in series, with designations, rights and preferences to be fixed by the Board of Directors at

the time of issuance. No shares of this class of preferred stock have been issued.

On August 6, 1980, the Board of Directors called all of the outstanding shares of 5% cumulative preferred stock for redemption on September 15, 1980 at the redemption price of \$21.50 per share. The redemption price equaled the \$20 per share par value of the 5% cumulative preferred stock plus the premium of \$1.50 per share required by the Company's Certificate of Incorporation. A final dividend of \$.25 per share was paid on September 15, 1980 to holders of record of 5% cumulative preferred stock at the close of business on September 1, 1980.

To comply with a sinking fund requirement, the Company was obligated annually to offer to purchase at par prior to March 1 the remaining outstanding shares of 5% cumulative preferred stock. Pursuant thereto, during the fiscal year ended June 30, 1980, 6,150 shares were tendered and purchased with an aggregate par value of \$123,000.

During the three years ended June 30, 1982, 1,004,506 shares of the Company's common stock were reserved for option warrants to purchase, at any time, common stock at \$31.25 per share.

There were no changes in common stock or treasury stock during the three years ended June 30, 1982.

Capital in excess of par value decreased \$21,000 during the fiscal year ended June 30, 1981 due to the redemption of the 5% cumulative preferred stock. There were no changes in capital in excess of par value during the fiscal years ended June 30, 1982 or June 30, 1980.



## 7. Employee Incentive Plans

On November 20, 1979, the stockholders of the Company approved the 1979 Key Employee Stock Incentive Plan (the Plan), which provides that key employees may be granted options to purchase an aggregate of 145,000 shares of common stock at the fair value of the shares on the date of grant. Options may become exercisable beginning one year after the date of grant and are exercisable for a maximum term of ten years from the date of grant. No options may be granted after December 31, 1989.

Under the terms of the Plan, the options granted include stock appreciation rights which allow the holder to receive the value of the difference between the exercise price and the fair market value of the stock at date of exercise. Under the Plan, the options and appreciation rights are granted in tandem form whereby the exercise of one cancels the other. The value of the appreciation rights may be received, at the optionee's election, either in shares of common stock or up to 50% in cash and the remainder in shares of common stock.

On January 3, 1980, options to purchase 72,000 shares of common stock were granted at an exercise price of \$17.50 per share; on October 15, 1980, options to purchase 7,000 shares of common stock were granted at an exercise price of \$17.125 per share; and on September 28, 1981, options to purchase 21,000 shares of common stock were granted at an exercise price of \$11.00 per share. The exercise prices are equal to the market values of the common stock on the dates of grants. No charges to income were made in fiscal 1982, 1981 or 1980 in connection with the Plan.

## 8. Income Taxes

	<u>1982</u>	<u>1981</u>	<u>1980</u>
The components of the provision for income taxes are as follows:			
Federal:			
Currently payable .. \$	—	\$ —	\$ —
Deferred .....	1,940,000	190,000	—
State .....	542,000	—	—
	<u>\$2,482,000</u>	<u>\$ 190,000</u>	<u>\$ —</u>

The principal factors contributing to the provision for deferred federal income taxes for fiscal years 1982 and 1981 are deferred mine development costs.

The Company files consolidated federal income tax returns. For the purpose of computing income subject to federal income taxes, the Company is allowed statutory depletion deductions in excess of those computed for financial reporting purposes. The Company also uses accelerated depreciation methods and had previously deducted development expenses for federal income tax purposes. Accordingly, at June 30, 1982, the Company had tax operating loss carryforwards substantially in excess of the book loss carryforwards. The book loss carryforwards of approximately \$670,000 expire in 1994 and the tax loss carryforwards expire in 1993, 1994 and 1995, if not previously utilized.

At June 30, 1981, the Company had book investment credit carryforwards aggregating approximately \$3,488,000, which were applied in the computation of the provision for income taxes during the fiscal year 1982. However, at June 30, 1982, the Company had substantial investment credit carryforwards for tax purposes. These investment credit carryforwards expire ratably from 1991 through 1997 if not previously utilized. Reconciliation of the provision for income taxes computed at the federal statutory rate to the reported provision for income taxes is:

	% to Pretax		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
Provision for income taxes at statutory rate .....	46	46	46
Increase (decrease) in rate resulting from:			
Investment tax credit ....	(14)	(9)	—
Excess of statutory depletion over book amounts	(24)	(35)	(46)
Other .....	1	—	—
	<u>9</u>	<u>2</u>	<u>—</u>



## 9. Quarterly Financial Data (Unaudited)

	Three Months Ended				
	1981		1982		Total
	September 30	December 31	March 31	June 30	
Sales .....	\$32,500,000	\$33,070,000	\$24,247,000	\$15,703,000	\$105,520,000
Gross profit before deducting depreciation, depletion and amortization .....	13,507,000	12,942,000	9,263,000	4,358,000	40,070,000
Depreciation, depletion and amortization .....	3,786,000	2,767,000	2,570,000	2,366,000	11,489,000
Income before extraordinary credit .....	8,283,000	8,883,000	6,248,000	1,714,000	25,128,000
Extraordinary credit-utilization of tax loss carryforwards .....	932,000	1,006,000	134,000	(132,000) *	1,940,000
Net income .....	9,215,000	9,889,000	6,382,000	1,582,000	27,068,000
Per share data:					
Income before extraordinary credit .....	\$2.80	\$3.00	\$2.11	\$ .58	\$8.49
Extraordinary credit-utilization of tax loss carryforwards .....	.31	.34	.05	(.05) *	.65
Net income .....	<u>\$3.11</u>	<u>\$3.34</u>	<u>\$2.16</u>	<u>\$ .53</u>	<u>\$9.14</u>

	Three Months Ended				
	1980		1981		Total
	September 30	December 31	March 31	June 30	
Sales (Note a) .....	\$18,487,000	\$25,927,000	\$26,110,000	\$16,514,000	\$ 87,038,000
Gross profit before deducting depreciation, depletion and amortization .....	2,827,000	5,973,000	4,968,000	3,626,000	17,394,000
Depreciation, depletion and amortization .....	1,186,000	1,936,000	2,468,000	2,313,000	7,903,000
Income before extraordinary credit .....	1,259,000	3,472,000	1,894,000	1,227,000	7,852,000
Extraordinary credit-utilization of tax loss carryforwards .....	80,000	222,000	121,000	(233,000) *	190,000
Net income .....	1,339,000	3,694,000	2,015,000	994,000	8,042,000
Per share data:					
Income before extraordinary credit .....	\$ .42	\$1.17	\$ .64	\$ .42	\$2.65
Extraordinary credit-utilization of tax loss carryforwards .....	.03	.08	.04	(.08) *	.07
Net income .....	<u>\$ .45</u>	<u>\$1.25</u>	<u>\$ .68</u>	<u>\$ .34</u>	<u>\$2.72</u>

\* Represents adjustments of previously recorded amounts.

Note a — Effective July 1, 1981, the Corporation changed its method of accounting for vanadium pentoxide from joint product to by-product accounting. The effect on net income was not significant. Sales and cost of sales of prior years have been restated for comparative purposes. The following amounts have been deducted from sales and cost of sales as previously reported:

September 30, 1980 .....	\$ 368,000
December 31, 1980 .....	2,915,000
March 31, 1981 .....	440,000
June 30, 1981 .....	3,350,000
	<u>\$7,073,000</u>

It should be noted that the Company's sales and income for the periods set forth are not necessarily indicative of the results for any future period because revenues from sales of uranium in concentrate may vary significantly between periods depending upon the delivery schedule, product demand and sales prices.



## 10. Industry Segment Information

	Natural Resources (Notes b and d)	Shoe Parts	Building Products	Services (Note c)	Other (Note a)	Total (Note d)
Year ended June 30, 1982						
Revenue from unaffiliated customers ....	\$77,152,000	\$18,425,000	\$12,041,000	\$3,076,000	\$ 1,421,000	\$112,115,000
Income (loss) from continuing operations before income taxes .....	\$31,402,000	\$ 3,136,000	\$ 119,000	\$1,082,000	\$(8,129,000)	\$ 27,610,000
Extraordinary credit-utilization of tax loss carryforwards .....	\$ —	\$ —	\$ —	\$ —	\$ 1,940,000	\$ 1,940,000
Depreciation, depletion and amortization ..	\$10,763,000	\$ 356,000	\$ 259,000	\$ 48,000	\$ 63,000	\$ 11,489,000
Capital expenditures .....	\$ 4,971,000	\$ 906,000	\$ 66,000	\$ 68,000	\$ 12,000	\$ 6,023,000
Assets as of June 30, 1982						
Identifiable .....	\$71,379,000	\$ 6,756,000	\$ 6,102,000	\$8,191,000	\$ 1,197,000	\$ 93,625,000
Corporate .....	—	—	—	—	5,131,000	5,131,000
	<u>\$71,379,000</u>	<u>\$ 6,756,000</u>	<u>\$ 6,102,000</u>	<u>\$8,191,000</u>	<u>\$ 6,328,000</u>	<u>\$ 98,756,000</u>
Year ended June 30, 1981						
Revenue from unaffiliated customers ....	\$56,757,000	\$16,538,000	\$13,782,000	\$4,172,000	\$ 2,107,000	\$ 93,356,000
Income (loss) from continuing operations before income taxes .....	\$11,753,000	\$ 2,315,000	\$ 875,000	\$1,705,000	\$(8,606,000)	\$ 8,042,000
Extraordinary credit-utilization of tax loss carryforwards .....	\$ —	\$ —	\$ —	\$ —	\$ 190,000	\$ 190,000
Depreciation, depletion and amortization ..	\$ 7,196,000	\$ 369,000	\$ 246,000	\$ 30,000	\$ 62,000	\$ 7,903,000
Capital expenditures .....	\$ 5,258,000	\$ 570,000	\$ 230,000	\$ 277,000	\$ 73,000	\$ 6,408,000
Assets as of June 30, 1981						
Identifiable .....	\$76,575,000	\$ 6,775,000	\$ 6,427,000	\$9,348,000	\$ 1,409,000	\$100,534,000
Corporate .....	—	—	—	—	1,685,000	1,685,000
	<u>\$76,575,000</u>	<u>\$ 6,775,000</u>	<u>\$ 6,427,000</u>	<u>\$9,348,000</u>	<u>\$ 3,094,000</u>	<u>\$102,219,000</u>
Year ended June 30, 1980						
Revenue from unaffiliated customers ....	\$52,706,000	\$11,960,000	\$17,365,000	\$3,872,000	\$ 2,127,000	\$ 88,030,000
Income (loss) from continuing operations before income taxes .....	\$ 6,142,000	\$ 844,000	\$ 1,370,000	\$1,741,000	\$(8,939,000)	\$ 1,158,000
Depreciation, depletion and amortization ..	\$ 6,212,000	\$ 377,000	\$ 337,000	\$ 13,000	\$ 50,000	\$ 6,989,000
Capital expenditures .....	\$ 4,532,000	\$ 109,000	\$ 117,000	\$ 26,000	\$ 52,000	\$ 4,836,000
Assets as of June 30, 1980						
Identifiable .....	\$72,834,000	\$ 5,402,000	\$ 8,077,000	\$8,982,000	\$ 1,197,000	\$ 96,492,000
Corporate .....	—	—	—	—	3,641,000	3,641,000
	<u>\$72,834,000</u>	<u>\$ 5,402,000</u>	<u>\$ 8,077,000</u>	<u>\$8,982,000</u>	<u>\$ 4,838,000</u>	<u>\$100,133,000</u>

Note a — In the opinion of the Company, it is not practical to allocate corporate income and expense to the various industry segments except on an arbitrary basis.

	1982	1981	1980
Note b — Revenue from Significant Customers			
Boston Edison Company .....	\$10,149,000	\$10,650,000	\$ 9,862,000
Georgia Power Company .....	\$64,093,000	\$41,431,000	
Nukem, G.m.b.H. ....			\$19,300,000
Synatom, S.A. ....			\$13,278,000

Note c — Unconsolidated Affiliate of Global Associates net of minority interests

Geographic Location: Saudi Arabia

Equity in the net income .....	\$ 936,000	\$ 1,162,000	\$ 842,000
Investment in the net assets .....	\$ 1,253,000	\$ 1,296,000	\$ 475,000

Note d — Adjustment to Revenue from unaffiliated customers, Natural Resources, pertaining to change in method of accounting for vanadium pentoxide. See Note a in Note 9, Quarterly Financial Data

	\$ —	\$ 7,073,000	\$ 7,442,000
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## 11. Mineral Reserve and Price Information (Unaudited)

The following information has been presented in accordance with the Statement of Financial Accounting Standards No. 39 entitled "Financial Reporting and Changing Prices: Specialized Assets — Mining and Oil and Gas" in an effort to help readers assess the amounts, timing, and uncertainties of future cash flows to companies from mining activities. The FASB has characterized this disclosure requirement as experimental in nature. Therefore, the information is not intended to reflect the current values or changes in the current values of mineral reserves.

The Company estimates that its interests in proved ore-bearing properties as of June 30, 1982 were approximately 2,172,000 tons and as of June 30, 1981 were approximately 2,433,000 tons. These properties have a per ton average U3O8 content ranging in grade from approximately 0.08% to 0.52% of economically recoverable U3O8. During the fiscal year ended June 30, 1982, the Company produced 1,889,000 pounds and 3,179,000 pounds of uranium in concentrate and vanadium pentoxide, respectively. The Company sold 1,666,000 pounds of uranium in concentrate at an average market price of \$44.46 per pound and 3,506,000 pounds of vanadium pentoxide at an average market price of \$3.40 per pound. During the fiscal year ended June 30, 1981, the Company produced 1,829,000 pounds and 2,361,000 pounds of uranium in concentrate and vanadium pentoxide, respectively. Dur-

ing that period, the Company sold 1,490,000 pounds of uranium in concentrate at an average market price of \$36.94 per pound and 2,289,000 pounds of vanadium pentoxide at an average market price of \$3.09 per pound. In some cases there are outstanding royalty and other interests which increase the costs of production from the Company's reserves. While there are certain claims of third parties which could reduce the rights of the Company in certain of its reserves, the Company believes it has substantially more than a majority interest in all of its principal properties.

The amount and grade of the ore reserves referred to above were computed using sample data obtained at underground workings within developed ore bodies and by using radiometric and chemical data from holes drilled from the surface. Correlation with actual uranium concentration has been established, to the extent possible, by chemical assay and by the amount of U3O8 contained in ore tonnage processed to date by the Company's mill. The extent to which such ore reserves will be mined depends upon such factors as the nature and extent of the market for uranium in concentrate, mining and milling costs, the clarification of title with respect to certain properties, various conditions affecting uranium mining and the ability of the Company to obtain sales on a profitable basis, none of which can be accurately predicted.



## 12. Supplemental Information on Changing Prices (Unaudited)

### Statement of Income from Continuing Operations Adjusted for Changing Prices for the Year Ended June 30, 1982

	As Reported in the Primary Statements	Adjusted for General Inflation	Adjusted for Changes in Specific Prices (Current Costs)
Net sales and other operating revenues .....	<u>\$112,115,000</u>	<u>\$112,115,000</u>	<u>\$112,115,000</u>
Cost of sales .....	<u>53,184,000</u>	<u>55,096,000</u>	<u>53,184,000</u>
Depreciation, depletion and amortization .....	<u>11,489,000</u>	<u>14,429,000</u>	<u>13,765,000</u>
Exploration and prospecting costs .....	<u>2,127,000</u>	<u>2,127,000</u>	<u>2,127,000</u>
Selling, general and administrative expenses .....	<u>10,870,000</u>	<u>10,870,000</u>	<u>10,870,000</u>
Interest expense .....	<u>3,071,000</u>	<u>3,071,000</u>	<u>3,071,000</u>
Other expense .....	<u>2,793,000</u>	<u>2,793,000</u>	<u>2,793,000</u>
	<u>83,534,000</u>	<u>88,386,000</u>	<u>85,810,000</u>
Income from continuing operations before minority interests and income taxes .....	<u>28,581,000</u>	<u>23,729,000</u>	<u>26,305,000</u>
Minority interests .....	<u>971,000</u>	<u>971,000</u>	<u>971,000</u>
Income from continuing operations before income taxes ....	<u>27,610,000</u>	<u>22,758,000</u>	<u>25,334,000</u>
Provision for income taxes (not adjusted) .....	<u>2,482,000</u>	<u>2,482,000</u>	<u>2,482,000</u>
Income from continuing operations .....	<u>25,128,000</u>	<u>20,276,000</u>	<u>22,852,000</u>
Extraordinary credit—utilization of tax loss carryforwards .....	<u>1,940,000</u>	<u>1,940,000</u>	<u>1,940,000</u>
Net income .....	<u>\$ 27,068,000</u>	<u>\$ 22,216,000</u>	<u>\$ 24,792,000</u>
Gain from decline in purchasing power of net amounts owed ....		<u>\$ 1,817,000</u>	<u>\$ 1,817,000</u>
Excess of increase in general price level over increase in specific prices .....			<u>\$ 2,396,000</u>

### Five-Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices (in Average 1982 Dollars)

	For Year Ended June 30				
	1982	1981	1980	1979	1978
Net sales and other operating revenues* .....	<u>\$112,115,000</u>	<u>\$101,454,000</u>	<u>\$106,826,000</u>	<u>\$ 88,737,000</u>	<u>\$ 71,713,000</u>
Historical cost information adjusted for general inflation					
Income (loss) from continuing operations .....	<u>\$ 20,276,000</u>	<u>\$ 3,718,000</u>	<u>\$ (4,980,000)</u>		
Income (loss) from continuing operations per common share .....	<u>\$6.85</u>	<u>\$1.26</u>	<u>\$(1.68)</u>		
Net assets at year-end .....	<u>\$118,343,000</u>	<u>\$ 91,243,000</u>	<u>\$ 87,916,000</u>		
Cash dividends declared per common share .....	—	—	—	—	—
Market price per common share at year-end .....	12%	15%	15%	24%	18%
Average consumer price index .....	281.9	259.4	232.3	205.2	187.6
Purchasing power gain .....	<u>\$ 1,817,000</u>	<u>\$ 3,917,000</u>	<u>\$ 6,995,000</u>		
Historical cost information adjusted for changes in specific prices					
Income from continuing operations .....	<u>\$ 22,852,000</u>	<u>\$ 6,413,000</u>			
Income from continuing operations per common share .....	<u>\$7.72</u>	<u>\$2.17</u>			
Excess of increase in general price level over increase in the specific prices .....	<u>\$ 2,396,000</u>	<u>\$ 6,599,000</u>			
Net assets at year-end .....	<u>\$116,998,000</u>	<u>\$ 89,877,000</u>			

In accordance with the Statement of Financial Accounting Standards No. 33 entitled "Financial Reporting and Changing Prices", supplementary information has been prepared restating inventory, property, plant and equipment, cost of goods sold, and depreciation, depletion and amortization expense for changes in the Consumer Price Index (CPI) and specific prices up to June 30, 1982. The current cost amounts of inventory and property, plant and equipment as of June 30, 1982 were \$29,743,000 and \$95,123,000, respectively.

The objective of this additional disclosure is to provide information on the most significant effects of inflation on business enterprises, reflected through the constant dollar and current cost presentations above. Financial information that reflects changes in general purchasing power can provide an improved basis for assessing whether an enterprise has maintained the purchasing power of its capital, as is demonstrated above by the gain on net monetary liabilities that are repayable in dollars of diminishing purchasing power. The current cost amounts do not necessarily represent costs which will be incurred in future periods, or the manner in which actual replacement of assets will occur.

\* Adjusted to reflect change in method of accounting for vanadium pentoxide. See adjustment set forth in "Five-Year Selected Financial Data."



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**Accountants'  
Report**

To the Board of Directors and Stockholders of  
ATLAS CORPORATION:

We have examined the consolidated balance sheets of ATLAS CORPORATION and its SUBSIDIARIES as of June 30, 1982 and 1981, and the related statements of income and retained earnings and changes in financial position for each of the three years in the period ended June 30, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Atlas Corporation and its Subsidiaries as of June 30, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended June 30, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND

1251 Avenue of the Americas  
New York, NY 10020

August 31, 1982



## **Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following comments should be read in conjunction with the Letter to Stockholders from the Chairman of the Board and President on Pages 1 through 3 and the Consolidated Financial Statements and accompanying notes on Pages 4 through 13.

Sales in 1982 reached \$105,520,000, an increase of 21% over 1981. The increase in sales for 1982 was primarily attributable to the natural resources and shoe parts segments of the business, partially offset by the decrease in sales of the building products segment due to reduced commercial and residential construction activity as a result of high interest rates. The increase in sales of the natural resources segment was primarily due to higher average sales prices charged for and a higher sales volume of uranium in concentrate pursuant to a sales contract entered into in a prior fiscal year. The increase in sales for the shoe parts segment was the result of increased selling prices due to raw material price increases in leather and plastics and increased unit volume due to continued demand for cowboy boot heels and greater demand for components of athletic footwear.

Sales in 1981 increased 4% over 1980. The increase in sales in 1981 was primarily due to a higher sales volume of and higher average sales prices charged for uranium in concentrate sold by the natural resources segment pursuant to sales contracts entered into in prior fiscal years. The increase in sales was also attributable to the shoe parts segment of the business, partially offset by the decrease in sales of the building products segment.

Cost of sales decreased in 1982 and 1981 primarily because of higher grades of ore processed and increased efficiency in production at the Company's Moab, Utah uranium and vanadium processing mill. There was an increase in the volume of uranium in concentrate sold, and a reduction in the unit cost of these concentrates. There was also an increase in the volume of vanadium pentoxide sold, the sales of which are now being charged against cost of sales. The decrease in cost of sales in 1982 was partially offset by a reduction in the carrying value of certain low grade uranium ore inventories. The remaining costs and expenses of the Company's uranium and vanadium operations as well as its other businesses remained relatively stable as a percentage of sales.

Interest expense decreased in 1982 and in 1981 primarily because of a significant reduction in outstanding bank borrowings.

The Company's net income increased substantially in 1982 and 1981 as a result of the improved results of its natural resources and shoe parts operations described above. The Company's sales and income for prior periods are not necessarily indicative of the results for any future period because revenues and profits from sales of uranium in concentrate may vary significantly between periods depending upon the delivery schedule, product demand and sales price. In this connection, the Company's most favorable uranium sales contract expires on December 31, 1982, and the Company does not at this time have contracts to sell significant amounts of uranium in concentrate or vanadium pentoxide subsequent to that date.

Working capital provided by operations advanced from \$15,889,000 at June 30, 1981 to \$38,474,000 at June 30, 1982. Working capital provided by operations at June 30, 1980 was \$8,054,000. The Company's current ratio was 2.50 to 1 at June 30, 1982, 1.9 to 1 at June 30, 1981 and 1.8 to 1 at June 30, 1980.

The Company's capital expenditures in 1982 were \$6,023,000, compared with \$6,408,000 in 1981 and \$4,836,000 in 1980. In each year, most of these capital expenditures have been for the development of mining properties and the modernization of milling facilities. In 1983, capital expenditures are expected to be in the range of \$3 million to \$4 million. These expenditures are expected to be made principally for expansion and modernization of the Company's manufacturing and mining facilities and development of its ore reserves. The Company believes it will be able to meet these capital requirements through internally generated funds.

For information regarding the impact of inflation on the Company for the fiscal year ended June 30, 1982, see Note 12 to the Consolidated Financial Statements on Page 13. It should be noted that while inflation does not have an impact on the revenues of the natural resources segment, its costs of materials and labor are subject to inflationary pressures as are the revenues and costs of the Company's other segments.



## Market Information and Dividends

Common Stock  
(Listed on the New  
York Stock Exchange,  
Symbol AZ)

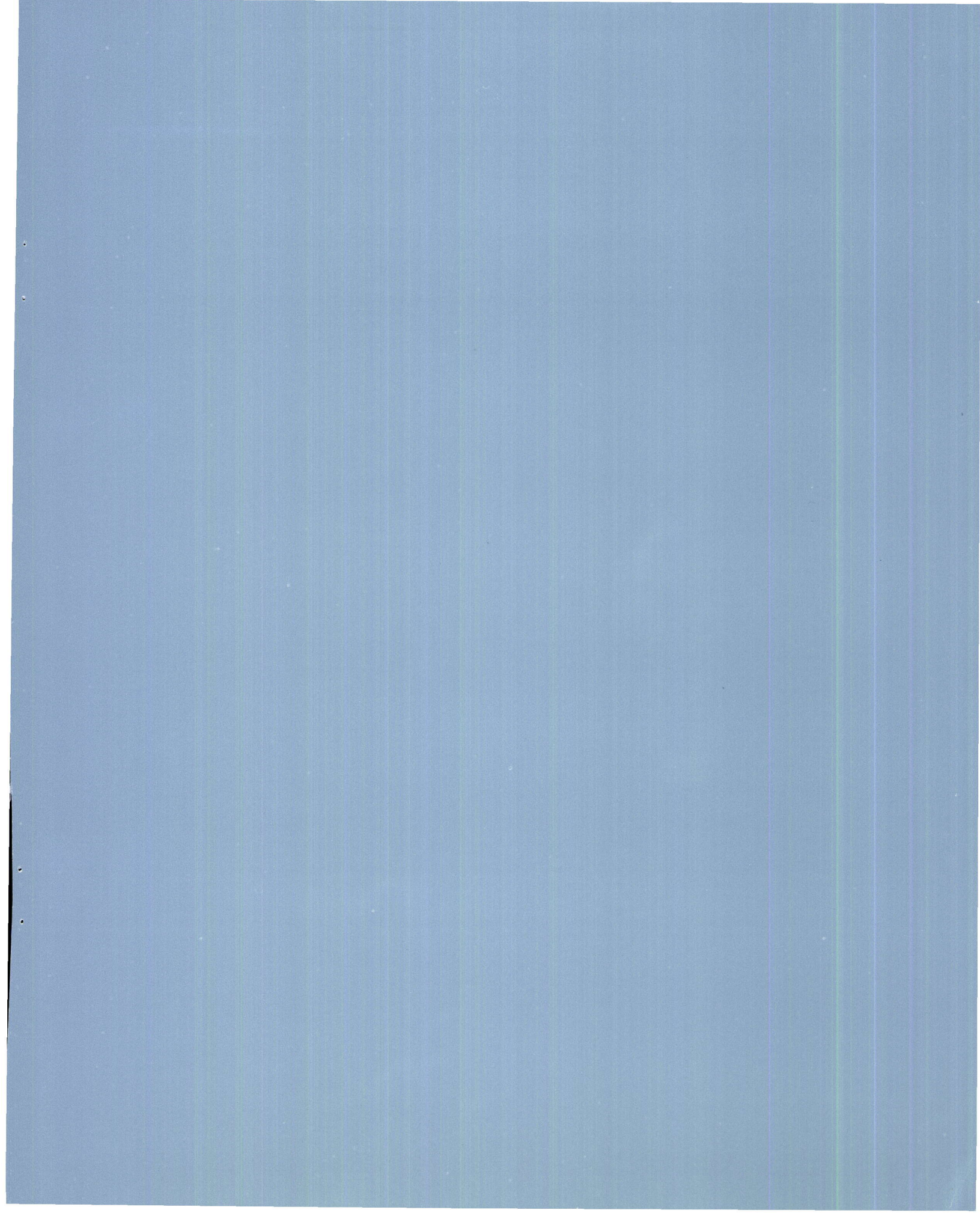
Quarter Ended	Fiscal 1982		Fiscal 1981	
	High	Low	High	Low
September 30 .....	15	10 <sup>5</sup> / <sub>8</sub>	17 <sup>3</sup> / <sub>8</sub>	12 <sup>1</sup> / <sub>8</sub>
December 31 .....	20 <sup>3</sup> / <sub>8</sub>	10 <sup>7</sup> / <sub>8</sub>	18 <sup>5</sup> / <sub>8</sub>	14 <sup>5</sup> / <sub>8</sub>
March 31 .....	20	15	18 <sup>7</sup> / <sub>8</sub>	14 <sup>1</sup> / <sub>2</sub>
June 30 .....	17 <sup>1</sup> / <sub>2</sub>	12 <sup>1</sup> / <sub>2</sub>	20	14 <sup>3</sup> / <sub>4</sub>

No dividends were paid on the Common Stock during 1982 or 1981. At June 30, 1982, there were approximately 30,300 holders of record of the Common Stock.

## Five-Year Selected Financial Data

	For Year Ended June 30				
	1982	1981	1980	1979	1978
Net sales and other operating revenues ..	\$ 112,115,000	\$ 93,356,000	\$ 88,030,000	\$ 64,593,000	\$ 47,724,000
Income (loss) from continuing operations ..	\$ 25,128,000	\$ 7,852,000	\$ 1,158,000	\$ (4,384,000)	\$ (2,390,000)
Income (loss) from continuing operations per common share	\$ 8.49	\$ 2.65	\$ .38	\$ (1.49)	\$ (.82)
Total assets .....	\$ 98,756,000	\$ 102,219,000	\$ 100,133,000	\$ 104,853,000	\$ 83,159,000
Long-term obligations and redeemable preferred stock .....	\$ 6,038,000	\$ 32,139,000	\$ 38,201,000	\$ 34,257,000	\$ 25,172,000
Cash dividends declared per common share .....	—	—	—	—	—
Adjustment to Net sales and other operating revenues (See Note a in Note 9, Quarterly Financial Data) ..	\$ —	\$ 7,073,000	\$ 7,442,000	\$ 6,386,000	\$ 5,950,000







**Atlas Corporation**

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**FIRST CLASS MAIL**